

MODERN TAXATION AND THE SINGLE TAX

A PAPER

READ BEFORE THE ASSOCIATION OF MASSACHUSETTS ASSESSORS,
AT ITS ANNUAL MEETING, IN THE STATE HOUSE,
BOSTON, DECEMBER 15, 1893

BY THE PRESIDENT

THOMAS HILLS

*Twenty-eight Years a Member, and Twenty-five Years Chairman, of the Board of
Assessors of the City of Boston*

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MODERN TAXATION AND THE SINGLE TAX.

In his "Wealth of Nations," Adam Smith, writing in the same year in which Jefferson wrote the declaration of our independence, said that, "the subjects of every State ought to contribute toward the support of the government as nearly as possible in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the State. In the observation or neglect of this maxim consists what is called the equality or inequality of taxation." The eminent political economist of our own times, John Stuart Mill, has said that, "equity of taxation means apportioning the contribution of each person towards the expenses of government, so that he shall feel neither more nor less inconvenience from his share of the payment than every other person experiences from his. This standard, like other standards of perfection, cannot be completely realized; but the first object in every practical discussion should be to know what perfection is."

The different systems of revenue reflect the principles which underlie the form of government under which they exist. Take the taxation of England, for example. By a report of Mr. Goschen, recently one of Lord Salisbury's cabinet, it appears that, for a year when the total imperial tax for England and Wales amounted to £46,563,000, less than £5,700,000, or about 12 per cent. of the whole amount, was based on real estate. Of the remaining £41,000,000, over £30,000,000 were collected from customs and excise, — mainly from wines, liquors, tea, coffee, sugar, and tobacco. Of the £5,700,000 on real estate, £1,785,000 was income tax on rents received, which the landlords were prohibited by law from placing on their tenants, so that less than 10 per cent. of the whole sum was a direct tax upon real estate, of which proportion about $4\frac{1}{3}$ per cent. of the total imperial assessment was carried by occupiers as a house and land tax.

The local taxation of the same year, corresponding to our State, county, and city or town taxes, amounted to some £16,000,000. Henry Fawcett, who, though totally blind from his twenty-fifth year, became the professor of political economy in the University of Cambridge fifteen years later, and subsequently member of Parliament and Postmaster-General,—an undoubted authority,—says that, “With a few exceptions, all local taxation is confined to levying rates on land, houses, and business premises. The exceptions to which I refer are certain tolls and dues; and in a few instances some commodity, such as coal, is subjected to a special local tax.”

When we know that the direct tax on vacant land, by a law that was enacted in the time of Queen Elizabeth, is based not on actual, but on rental or productive value, we can understand how the nobility and gentry of Great Britain can hold their vast tracts unoccupied. With farming land taxed upon a rental basis and with the holdings of the wealthy classes taxed as farming land, it is very evident that the great burden of local assessments, and about 2 per cent. of the imperial or national taxes, are carried by the occupiers of “houses and business premises.”

No wonder that Mr. Goschen, in the report referred to, stated “that house property in England is very heavily taxed.” And, when we recall the figures that show over 65 per cent. of the national taxes borne by the consumers of wine, liquor, tea, coffee, sugar, and tobacco, it is easy to see what classes carry the tax burden of England.

The fund from which this immense percentage of assessments, both imperial and local, is drawn, is shown by the statement of Mr. R. Dudley Baxter, who twenty years ago put the annual income of the United Kingdom at £814,119,000. Of this sum, larger than the national debt of Great Britain, he puts the income of those who receive not exceeding £300 each at £517,000,000, or 63 per cent. of the whole amount.

Take an illustration to show the weight and bearing of German taxation. An American correspondent writing from Berlin, a few years since, gives us an example from among his acquaintance. He speaks of “a skilled work-

man, a thermometer-maker. In the United States he would earn two or two and a half dollars a day, and that would be low. He can make in Berlin a thaler [75 cents] a day; 300 days a year [if not sick], 300 thalers,—a year's wages \$225. He must pay for four rooms in the fourth story 160 thalers. Then he must pay a tax on his rental of 30 thalers, an income tax of 6 thalers, school tax, military tax, etc., at least 10 thalers; and, with 68 per cent. of his income gone for rent and taxes, he has 94 thalers [\$70.50] left for food, clothing, and the other expenses of himself and family."

The producers in this community, the correspondent asserts, "have to bear nearly the whole burden of local and general taxation."

Those who founded our Commonwealth had lived under the land-tax law of Queen Elizabeth, and had felt the weight of the government burdens as they settled down from the landlords, and remained with crushing force when they reached the class that could not further transfer them. That law remains in England to-day as it was when the Puritans left for America; and then as now, in Old England, it could be said, to use the words of Mr. R. Dudley Baxter, just quoted as one of her distinguished statisticians, "rates reach everybody.... They fall heaviest on the deserving poor who are struggling to keep above pauperism. They press with great severity on workingmen who own and occupy their own land and houses."

With the recollection of their bitter experience, the rulers of the Puritan State formulated the principles of a republican system of taxation, when the General Court in May, 1634, "ordered that, in all rates and public charges, the town shall have respect to levy every man according to his estate, and with consideration of all other his abilities whatsoever, and not according to the number of his persons."

This is essentially the Adam Smith and John Stuart Mill rule, given to the world nearly a hundred years before the earlier of these writers was born. It has been adopted by all of our sister States; and, with such modifications as their varying interests require, it remains the fundamental principle of the tax laws of all the States of the Union. It admits

of but one construction. It means that the public charges shall be borne by every member of the community in proportion to his ability to bear them, and not by methods of assessment that transfer the burden "according to the number of his persons"; that is, by the consumption of his family.

While it is true that this principle of taxation remains as the basis of the tax laws of all our American States, it must be admitted that legislation in the interest of their own communities, exemptions granted by the national government, or gained by special classes, and the non-enforcement, or the difficulty of enforcement, of the laws for the assessment of personal property have in all our States disturbed the relation between real and personal estate, so that, while in theory the rule remains, in practice, the land and buildings in all our communities bear a disproportionate share of the burden.*

* The proportion as shown by the assessment of 1893 for the Commonwealth of Massachusetts and all its cities and towns was as follows:—

ASSESSED BY CITIES AND TOWNS.

Valuation real estate, \$1,839,663,813; tax on real estate,	\$26,647,253
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	<i>Valuation Personal Estate.</i>	<i>Taxes.</i>
Personal estate,	\$588,675,216	\$8,411,016
Tax on polls,	—	1,339,123

ASSESSED BY THE TAX COMMISSIONER OR OTHER AGENTS OF THE STATE.

	<i>Valuation Personal Estate.</i>	<i>Taxes</i>
Corporate taxable excess,	\$243,582,089	\$3,726,740
Bank stock excess,	77,618,212	474,960
Saving-bank deposits taxable,	228,730,013	1,143,650
Massachusetts Hospital Life Ins. Co.,	10,862,137	54,310
Life insurance values,	57,122,117	142,805
Insurance premiums,	13,872,108	246,732
Foreign railways,	53,498,830	53,498
Trust companies deposits,	1,339,069	20,421
Mining companies,	7,956,830	3,722
Gas and electric light companies,	—	12,175
Foreign mortgage companies,	—	5,288
Railroad companies tax,	—	24,122
Railroad inquest tax,	—	1,794
Inspector of gas metres,	—	3,942
Liquor licenses (about),	—	2,000,000
	\$1,283,256,626	Tax on personal estate, 17,664,298
		Total tax, \$44,311,451

Proportion of taxes from real estate, 58.9 per cent.

Proportion of taxes from personal estate, 41.1 per cent.

Yet, notwithstanding the great advantages which the holders of intangible personal property enjoy by the exemption of those important classes of credit property — United States bonds and real estate mortgages — from all assessments, many able theorists are endeavoring to persuade our community and its representatives in the legislature to give them still greater advantages at the expense of the business men and real estate owners and occupiers.

Some ask that all credit property may be relieved from assessment; others claim that all personal property, tangible and intangible, should be exempt, leaving real estate to carry the whole load; while still another school, of whom Henry George is the acknowledged leader, would give exemption, not only to all personal estate, but to all buildings and other structures, and lay the whole burden of assessments on the land alone.

Exemptions which are departures from the principle upon which our fathers founded our system of taxation make it difficult to justify the imposition of assessments upon similar classes of property.

It is hard to argue for a tax upon the bonds of our own Commonwealth and those of her cities and towns, while those of the nation are exempt; still harder, when secured debts are free from taxation, to claim that unsecured debts should be taxed; yet harder if the next step is gained, and the investments of our citizens in railroads and factories out of the State, that build up rival States and communities to compete with us for the business by which we live, are relieved from assessment, to claim that we can justly tax those who stand by our own Commonwealth, and with home investments employ our people and build up the community in which we dwell.

The revenue reformers, as they prefer to be called, are generally holders of those classes of property the exemption of which they deem essential to the public welfare; and, as a rule, in their computations as to the effect of their schemes, they make a mistake by claiming that the rate of taxation on real estate and other property they would leave for assessment would rise only in the proportion that the valuation of the class of property they desire relieved, bears to that of all property liable to taxation.

Following exemptions, the rate of taxation will increase in more than mathematical proportion; and with each added exemption it will rise in still greater ratio than at the last increase. The reason is not difficult to understand. If a class of small amount is removed from the basis of taxation, it will not affect the rate much more than if it had been accidentally omitted by the assessors, to be restored at the next annual assessment. But, as class after class is added to the list of non-taxable property, the rate will rise, not only in consequence of the loss of valuation from the tax basis, but by the depreciation in value of that property which remains within it to bear the added burden.

Hon. Henry Winn, who a few years since represented a Connecticut River district in the Massachusetts Senate, and is now the Mayor of Malden, has studied the questions of local taxation more thoroughly than any other person with whom I am acquainted. His little book of seventy-three pages, entitled "Property in Land," is an able refutation of the theories of those writers who would put all taxes upon land values. I consider him good authority upon any question of local assessment. Following exemptions, he recognizes the force of the causes that produce the effect of depreciating the value of property remaining assessable. In a recent speech before a legislative committee he stated his belief that the remission of all taxes upon personal property would lessen the value of the real estate of Massachusetts \$110,000,000, and raise the average rate of taxation in the State from \$15.06 to \$27.29 per thousand.

Since the law limiting the appropriation for cities to a percentage of the valuation has been in force, the rate of Boston has averaged \$13.00. By an entirely different course of reasoning from that adopted by Mr. Winn, I found that the taxation of real estate alone in our city would increase its rate to about \$25.00 per thousand. The effect of the exemption of all personal property from assessment would seem to be to nearly double the tax upon real estate, and largely to reduce its value.

With such probable results, it would seem hardly worth our time and thought to follow Mr. George's scheme to raise all taxes upon the value of the land alone. But the theory

that holds that the revenues of the public can be drawn from this source in ample measure, and that, when the law shall free everything but land from assessment, poverty will be unknown, has been so plausibly stated, and has been accepted by so many people, that our time will be well spent in its consideration.

The reform proposed is radical. It is nothing less than the confiscation of all land values, by taking annually, under the name and in the form of a tax, the entire income of that class of property.

The wrong of the present system must be great, and the benefit to future generations manifest, to justify the redistribution of the property of the world, and the abrogation of rights that have existed and been recognized by every civilized nation since governments were instituted.

The necessity of the change should be pressing, since, to pass from one state of social order to the other, not only must the owners be despoiled, but so intimately is every class connected with the land upon which we live, that all except those whose wealth is not in real estate and the paupers must yield something of their accumulations or comforts before society has settled down to the new order of things.

That this statement may not stand simply as the opinion of the speaker, I quote an authority the followers of Mr. George cannot discredit.

In an address to the workingmen of Boston, Feb. 22, 1889, that gentleman admitted that, if his scheme was at once put into operation, it might fail the life insurance companies and savings-banks. He also said that in an agricultural community it might be difficult to raise the money thought to be needed for municipal wants, but, as such a people could only have what the plan would furnish, they must economize and bring their wants within their means. But he thought that such a blissful state of society would follow the adoption of his methods that full compensation would be obtained for all the suffering that must be endured to reach that haven of rest where poverty would be unknown.*

* *Question.*—How would it be with the farmers in the agricultural districts, where the value of land would add to the expenses of the town in making, for instance, sanitary improvements?

Answer.—I think where the value of the land is low you will find the necessities of the town very low; where the value of the land increases, the necessities of the town also increase; and I

The theory starts with the proposition that, as all men are created equal, all have an equal right to the soil, which is the gift of God to all his children. The answer to this would seem to be that men are not created equal. To one are given five talents, to another two, and to another one. Some are born in Greenland, where the snow that makes their hut covers the sterile land for three-quarters of the year, and life is one continued struggle for existence against the forces of nature. Others first see the light where perpetual summer and a fertile soil relieve them of all thought for the morrow. It was Abraham Lincoln who said, "Every man is born with the right to make himself the equal of any other man, if he can." And that is as near equality as we start in life.

That all may appropriate land in reasonable quantities has been the rule in this and, practically, in all new countries. The price of \$1.25 an acre for Western land is not the value of it: it is the reimbursement of the expense of surveys and governmental regulation.

But when land has been taken with the consent of the government, whose officers are the agents of the community, and it has been improved by the labor of its occupants, no stranger, not even society, has a right to dispossess the holder without compensation for the value labor has created.

Man was placed on the earth, not only to live on it, but by his labor to subdue it. The result of that labor on land is as much his property, to enjoy, to transmit to his posterity, or to sell to another, as is the result of his labor in building a house or making a plough.

Suppose a man sells wild fruit he has gathered, and buys a horse for \$100, and makes a wagon worth the same amount. It is simple robbery for the government to take it from him without purchase, although it may be employed for the benefit of all. Has that man any better title to his team, or its value of \$200, than a tiller of the soil has to the \$1,000 value

have no doubt that in Massachusetts, as in all our States, this tax would be sufficient to bear the legitimate town expenses. If they were a little short, they would be a little more economical.

Question.—Would it result in failing the life insurance companies and the savings-banks?

Answer.—If it were to come suddenly, perhaps it might. [Laughter.] In return for them we should get something better,—a state of society abounding in wealth, in which the causes of greed and selfishness would be so far removed that there would be no such thing as widows and orphans in want. [Great applause.]—*Report of Boston Herald*, Feb. 23, 1889.

he has added to his farm by ditching, draining, fencing, planting, and fertilizing it? And, if the teamster may sell his horse and wagon, may not the farmer sell his improved land? and in either case should not the rights of the original owner go to the purchaser?

In every community that has passed the pioneer stage of development the labor of man has been blended inseparably with the land; and until the region becomes again a wilderness it cannot be withdrawn from it.

Society could as well justify its action in stopping the teamster every night and taking his earnings as taxes as in taking the entire income of the farmer. In either case the property would be left in the keeping of its nominal owner, but only for the purpose of reproducing another crop for the harvester of taxes.

But it may be said that, under the existing order, society now compels the teamster to yield a part of his earnings in the form of taxes, and that, under the new conditions, he must still live on land, and either as owner or tenant, in the form of taxes or rent, he would still pay his part of the public charges. To this it may be answered that under the present order there is no one so poor, not sheltered at the public expense, who does not in some form and in some degree contribute to the support of government. Our teamster cannot now escape an indirect payment for public purposes, even if he lodges beneath his wagon standing in the highway. The food he eats, the clothes he must wear, are all charged with taxes, which he pays when he purchases the commodities.

But the new method may make a more equitable distribution of the public burden.

Let us compare the system of to-day and that which is proposed. Mr. Croesus lives at the Vendome. He has \$1,000,000 in credit property, the bonds of Western States, cities, and railways. Government compels him to pay \$15,000 a year. Mr. Yeoman has a farm worth \$3,500 and stock worth \$500. His annual contribution is \$60. The man with the team, Mr. Carter, is taxed \$3. Each is assessed a poll tax of \$2.00; and each formerly paid 2 cents tax to United States with every pound of sugar bought for

the use of their families until the McKinley tariff law placed that article on the free list. Each pays indirect taxes upon rental and articles of consumption. The indirect assessments bear more heavily on Mr. Carter than upon Mr. Yeoman, and with much greater weight upon both than upon Mr. Croesus. The reason is that a much larger proportion of their earnings must go for rent, fuel, food, and clothing than is required from the income of their more fortunate fellow-citizen.

For this there seems to be no remedy. Certainly, Mr. George's scheme does not furnish one. His promise is that, with his reform, poverty cannot exist. We have only his word for that. You will fail to find any demonstration of it that should convince a careful investigator.

Under the new order of things Mr. Croesus pays no direct tax except a poll tax. His indirect taxes increase; but in the price of board at the hotel, and his other expenditures, it would be a wild estimate that would put the amount above \$1,000. He may thank Mr. George for \$39,000 net annual income instead of \$25,000, which was all he had left after paying his taxes under the old system.

Mr. Yeoman finds that his tax bill calls for more than his entire income. He attempts to raise the price of the products of his farm to meet it. He is met in the market by immense quantities of butter, cheese, corn, oats, and hay, attracted there by advanced prices from countries which have not yet reformed. He must sell at the market price, and pay the whole sum to the tax-gatherer. The result must be that he will abandon the least profitable part of his farm, let it grow to bushes and weeds, and confine himself to the cultivation of fruits and those products that would be injured by keeping or railroad transportation, and for which, in their best state, Mr. Croesus and those of his social class will pay remunerative prices.

Mr. Carter will no doubt wonder how it is, when he is relieved of all assessments but a poll tax, that he cannot have as much money as formerly. He probably will not get beyond the belief that it is because "everything costs so much nowadays."

But those who can look below the surface will see that,

when the rich pay much less, the poor must pay much more than their share of the cost of government.

But the vacant city house lot, that standard subject of the theorists of the George School, where the holder has received "the unearned increment,"—has he a right to it? He has the same right that an iron merchant has, when the course of trade advances the stock he is holding 10 per cent. The labor of the community bestowed or reflected on that bit of our earth has been bought and paid for by its holder; and it is as fair an object for the chances of business as is the stock of hardware.

A striking instance of the effect of labor in the vicinity of land is found in the fact that the natural advantages of Boston Common were known to the Puritans four years before, in December, 1634, Mr. Blackstone sold it for £150. Except for the purpose of ornament it has remained unimproved to this time.

A moderate estimate of its value to-day for business purposes is \$25,000,000. But to every true Bostonian it is beyond all price, to be forever kept as a sacred inheritance from the fathers of the city to their children.

The value of the Common and the corner lot have come from the labor of no man or generation of men.

Clergymen, lawyers, doctors, merchants, mechanics, farmers, and laborers, two hundred and fifty years ago, made up the working force of Boston. They were an associated body of men,—a community. Their successors are such to-day. First at the North, then at the West, then at the South End of the city, now behind our Public Garden, they have made land valuable by their residence and labor upon it; and society has no more right to the increase they created than it was called upon to make good the loss they sustained when a change in the fashionable quarter transferred values to another location.

There are those not yet in middle age who were born in dwellings at the South End that cost \$30,000, which sold for less than half that sum when their occupants removed to the more fashionable Back Bay.

Since Boston was settled, each worker, in his vocation, has aided the advancement of the community; and each, paying

his share of the cost of public improvements, has, as really as those who labored on them, helped to make the value of the corner lot. And that lot stands charged in its price with the cost of all this labor, and also for interest on its purchase moneys and its contributions for taxes. Whoever buys it pays for the labor that has made it valuable, and is entitled to whatever profit it may bring; for, from the time that Winthrop landed to this hour, the gates of the city have been open. Almost any one could join the community, and, joining, had the right to make himself the equal of any man in it, if he could. Every man of every generation might have bought the corner lot if he would pay the price of it.

And then, too, society has had a great advantage under the present system that it could never have under that of Mr. George. Should all the income of land be taken away, one lot would be as valuable as another, except for its natural advantages. Consequently, the choice spots that nature has made would be taken, and the sterile and the low, marshy districts lie waste. There would be no attempt to subdue the earth except in a very limited sense, for there could be no profit in it. The most valuable land of London was an unclaimed marsh in the time of Charles II., and more than \$100,000,000 of Boston valuation is found where thirty years ago the stagnant waters of the Back Bay covered the great cesspool of the city. There is plenty of land even in the city of Boston, waiting the improvement that labor can bestow, some of it so cheap that, for the price of sixty days' work of an unskilled laborer, I can put him in possession of a house lot within the city limits, and ten minutes' walk from a railroad station.*

Nothing we call property is so valuable as land, when it is needed; nothing so valueless as land, where it is not wanted.

Let me break the monotony of my argument by illustrations of this truism. A few years since, with a part of my family, I was in the habit of spending my summer vacations

* A leading dealer in real estate in a suburban ward of Boston, through which two lines of steam railroads pass with numerous trains for the accommodation of local travel, at an expense of from five to ten cents per trip, in answer to an inquiry writes as follows: "I think a fair statement would be that for sixty days' labor, say \$100, a *desirable* house lot can be obtained, varying with location from 2,000 or 2,500 to 5,000 square feet in size, and within ten minutes of transportation facilities."

in the lovely town of Shelburne. One year on our arrival we missed the daughter of the house. She had married, and her father had bought for her home a farm separated from his own by the beautiful Androscoggins. It had been the home of an aged couple, whose children, as they grew up, left the New Hampshire hills for the cities and the West. At the death of the last parent the farm was sold. Making the wedding visit, we found the buildings a comfortable cottage that would cost about \$1,000 to build in this vicinity, and a large barn, almost new, that would cost at least \$500. The land about the dwelling was well cleared, and the flavor of the Red Astracan apples from the orchard still lingers in my memory. The grounds consisted of more than 100 acres of land, much of it covered with a good growth of sugar-maples and other hard woods, interspersed with those of the evergreen variety. This rural home was in the midst of the most magnificent natural scenery. Adams and Madison but four miles away, great Washington, "the crown of New England," but eight miles distant.

Walking the short two miles between the home of our host and that of his daughter, we crossed the river, and saw the glorious view from Lead-mine Bridge, which Starr King says is "one of the loveliest pictures . . . on the earth." During my stay I was visited by a friend, my cotrustee of a Boston savings-bank. I pointed out the estate, I told him of its area, reminded him that the depot at Gorham was less than five miles away, and asked what amount of money our bank could safely loan on mortgage of the estate. With careful consideration he answered \$1,000. The whole property had been bought for \$750, with only a small part of the purchase money paid in cash.

As a counter-illustration let me tell the story of the great land speculation of the Commonwealth. In 1856 the State was the owner of about 100 acres of flats west of the Public Garden in Boston. The city had been draining into the basin in which they were situated from the early colonial times; and in 1821 its waters were shut out from the flow of the tide by "the mill-dam," now Beacon Street.

In conjunction with the Water Power Company, which held the right to flow these flats "forever," it was deter-

mined to fill them with gravel brought in from Needham by the Boston & Albany Railroad Company. In exchange for the right of drainage, filled land to the value of \$470,000 was granted to the city. To the Institute of Technology, the Natural History Society, and other institutions were given land exceeding in value \$350,000. In filling, improving, and selling 60 per cent. of the land, and filling and making the other 40 per cent. into avenues, streets, and passageways, the State expended \$1,642,000. Fifty-three acres sold realized \$5,084,000, leaving a clear profit to the treasury of \$3,442,000. This part of the old Back Bay basin has become the fashionable residential quarter of the city. Before the improvement it would have been a dear purchase at anything above a nominal price of, say, \$100,000. Under the Henry George system it would have been absolutely worthless,—worse than worthless: it would have called for large sums of public money to prevent it from becoming a menace to the health of the community. At the last assessment with which I was officially connected, that of 1892, the land value of this tract, excluding the buildings, was \$19,246,800. Had the happy time that George promises antedated 1856, the flats would never have been improved. And, upon his own theory, the land and the increased value given to it by the costly buildings erected on it should never be taxed; for all, except possibly the first \$100,000, is the product of labor.

In the western part of our State lies the county of Berkshire.

It stretches from Vermont to Connecticut. Its 550,000 acres are about one-eighth of the area of our State. Its broad expanse of nearly 1,000 square miles (three-fourths the size of the State of Rhode Island) includes one-third of all the land of Massachusetts between the Connecticut River and the State of New York.

Here, if anywhere in our Commonwealth, is that natural land to which the followers of George might claim that mankind is entitled. The fact that men have carried two great lines of railroads through it, and have tunnelled the Hoosac Mountain to make a way for one of them, has somewhat unsettled the conditions, as has the building of one of our

youngest cities, Pittsfield, and the great towns of North Adams, Great Barrington, and Lenox, within its borders. But, including the value of these four municipalities (which is more than one-half of all in the shire), and making no allowance for the increased value of the land from the buildings and other improvements of the farming towns,—in short, taking the land values just as they were found at the assessment of May 1, 1892, and they amount to only 15,098,773, less than 79 per cent. of the little man-made 100 acres in Boston, created under the conditions under which land is now held.

That there are good reasons why there should be governmental restriction to prevent the holding of enormous areas by one person or family, all who are disinterested will admit.

But in a well-ordered State, under republican forms of government, such holdings are impossible, except in the first or early settlement of new countries. Apply the correction needed then and there, and you can safely leave the self-interest of the members of the new State to devise measures to prevent the inordinate holding of unimproved land.

The city lot must double every ten years, or interest and taxes will consume its value, and its owner will carry it at a loss. Near my home is land that has been held by one family for more than eighty years. It has risen to be worth 50 cents a square foot. The annual taxes, sewer, and sidewalk assessments have made it too heavy to be carried longer, even by one of our wealthiest families. A few years since (and as soon as there was public need of it) they began to unload. If they reckon fairly with themselves, they will doubtless find that the property has cost at least five times what they will receive for it.

But what of the plan, if, with all its injustice and hardship, its spoliation of one class, its remission of taxes to the wealthy holders of personal property, its increase of the indirect taxes of the poor, it cannot be made to yield the revenues needed by the State? I will endeavor to demonstrate that such is the fact, and relieve you of further attention.

In Boston we have land (exclusive of buildings) assessed

at as high a rate as \$130 a square foot. It would be easy in some locations to find an acre worth more than \$2,000,000.*

It must be conceded that, if the scheme will not work in a community where such conditions are found, it will not work anywhere.

Let us try it by the 1892 valuation.† The total value of the land was \$399,170,175. From this amount we must deduct \$5,843,100, marsh and flats; for no man will spend money to reclaim them if government is to take all the income. Again drop \$46,869,500, the value of vacant land, since no one will buy it or take it until needed for instant improvement; and less than 30 per cent. of the city's assessed area is now classed as improved land. A still further reduction should be made for large tracts connected with the dwellings of our suburban wards, which, classed as improved, would be abandoned under the system of Mr. George.

That this reduction is justified is shown by comparing the area to each building in the Sixteenth Ward in the heart of the city, where the average is only 1,791 square feet, with that of Ward Twenty-three, one of the outlying wards where the average rises to 4,997 square feet. The value might be ten or fifteen million dollars at present prices, but we will not include it. Let it pass.

Land values must shrink enormously when the entire income is taken for taxes: how much must be a matter of opinion. Under such circumstances the land could hardly be expected to hold one-half its present value; but, to be safe, say it will lose only one-third, and we find a loss of the

* Assessed value, May 1, 1892, of block in city of Boston, bounded northerly by Winter Street, easterly by Washington Street, southerly by Temple Place, and westerly by Tremont Street, 97,652 square feet of land, \$7,157,800. This is \$73.29 per foot, \$3,192.512 per acre. The buildings upon this area have an assessed value of \$982,200, equal to \$10.05 per foot, \$437,778 per acre. Or for land and buildings \$83.34 per foot, \$3,630,290 per acre.

† Assessed value of land (exclusive of buildings) in the city of Boston, May 1, 1892:—

194,907,530 sq. ft. occupied land,	\$346,457,575 = \$1.769 per ft.	4,474 acres \$77,059 per acre
508,544,966 " " vacant land,	46,869,500 = 0.092 " " 11,675 " 4,012 " "	
112,050,454 " " marsh and flats,	5,843,100 = 0.052 " " 2,571 " 2,272 " "	

815,502,950 sq. ft. land, marsh and flats, \$399,170,175 = \$0.489 per ft. 18,720 acres \$21,323 per acre.

Assessed value of land (exclusive of buildings) Commonwealth of Massachusetts, May 1, 1892, 4,504,273 acres, \$878,276,021, equal to \$195 per acre.

vacant land, marsh, and flats, \$52,712,600, shrinkage of improved land values, \$115,485,858, a total of \$168,198,458. To give the scheme every advantage and to reach round numbers, reduce the loss 12 per cent., drop it from \$168,198,458 to \$146,457,575, and, having given up over \$30,000,000 that might fairly be included against the plan, we have left for assessment, under the George system, land values of exactly \$200,000,000.

Ground rents are not more profitable than other safe investments. Government bonds yield less than 3 per cent. Savings-bank investments about $3\frac{1}{2}$. Call the income of the land 4 per cent.; and, when Mr. George's tax officials have got it all, they will have collected an amount more than \$3,800,000 short of what Boston needed for last year's tax levy.

But the State tax on Boston for 1892 was only \$680,744, because of a State revenue, mainly from the assessment of corporations, national banks, and savings-banks, of more than \$1,000,000 in excess of the State tax on all the cities and towns of the Commonwealth.* Losing this income under the George scheme, the State must call on Boston for an additional \$1,066,524; and the shortage will rise to \$4,650,000.

But this is not all. Boston could not have paid its bills with \$11,805,404 if it had not received as income the collections by the State of the taxes of Boston citizens upon their holdings in Massachusetts corporations. This direct income, paid to the city in money, would be lost under the George single tax. In 1892 it amounted to \$960,671.99. Adding its sum to the shortage already ascertained, and the deficiency after the last dollar has been collected under the single tax plan is over \$5,600,000. A deficit of over 45 per cent. in each annual assessment would seem to be a very rapid progress to municipal poverty.

Let us try the plan by the statistics of Woburn, a small semi-rural city, having good railroad connections, with depots within ten miles of the State House. It is a fair state-

*The sources of this revenue are shown in the table in the foot-note on page 6. The taxes on "corporate excess," "bank stock excess," and "liquor licenses," are divided between the State and its municipalities. All other assessments by agents of the State are solely for the treasury of the Commonwealth.

ment to say that in Boston land values are 60 and buildings 40 per cent. of real estate, and that in Woburn the conditions are reversed, land 40, buildings 60 per cent.

At first glance it would appear that the younger would suffer less than the older city under the new method, as a larger proportion of the property would be exempt. This would be true if the land could be made to yield the required revenue.

But all the income of land under the most favorable conditions falls far short of producing the ordinary tax levy. So the problem being,—How can the city annually raise the money it must have,—the test will show the smaller in far greater financial difficulties than the larger municipality.

Woburn had in 1892 a

Land valuation of	\$3,186,239,	producing a tax at \$15.70 of	\$50,028
Building valuation of	4,409,055	" " "	69,222
Personal property valuation of	1,737,229	" " "	27,276
Polls	3,743	" " "	7,486
		Total tax	\$154,012

But the State assessed and paid to the city corporation taxes that amounted to \$3,290.75, and national bank taxes that amounted to \$4,253.68, so it appears that there were assessed in the year 1892, for the city of Woburn, taxes amounting to \$161,556.

The city has an area of 7,651 acres, which at its assessed value is, as nearly as may be, \$400 an acre. Upon this area there are 2,344 dwelling-houses.

Under the proposed scheme no one will have more land in connection with a dwelling than is absolutely needed.

It will be remembered that, under the pressure of the present system, the area to each building in a ward in the heart of Boston was only an average of 1,791 square feet. But let us give the plan every chance, and assume that 5,000 square feet will be retained with every dwelling, 269 acres will be used. I do not know how many factories and other miscellaneous buildings there are in the city; but, like the dwellings, they will occupy the smallest area possible. To allow that they will take one-third the space used by the

dwellings would seem to be ample. Possibly, a little land might be taken for market-gardening; but we will say that 360 acres will be used, and the rest abandoned. Allowing for an increased State tax of \$11,839, which the loss of State revenue will require, the area must produce, upon the plan of Mr. George, \$173,395 per year, in order to meet the financial needs of the city. Assume 4 per cent. on the value to be a fair rental, and the occupied land must be worth over \$4,000,000 to produce the required amount. This is 30 cents a foot, over \$13,000 an acre, more than thirty times as much as the average price of Woburn land to-day, with all the labor that has been bestowed upon it.

With the entire income taken, the land would only be valuable for its necessary use in sustaining the buildings which will yield a return. Under such conditions the man who would take an acre, and pay the taxes on it, would be a public benefactor. With 7,300 acres to be had for the taking, surely it is a liberal estimate to allow that the occupied land would be worth as much as the average of to-day; that is, \$400 an acre. 360 acres at \$400 would amount to \$144,000. Ground rent at 4 per cent., \$5,760. Call it 6 per cent., \$8,640. Can any one indicate from what source could come the deficiency of \$164,700?

But some zealous follower of Mr. George will answer all that can be said as to the impracticability of the scheme, with the statement that all men must live on land, and that the plan would work if the necessary tax be apportioned upon as much of it as should be used, and its occupants compelled to pay the assessment.

To oblige the land-holder to yield more than 100 per cent. of his income, because all must use some part of the earth's surface, would be on a par with the morality of a government which should send its officer to a man who had money, with the statement that air was necessary to his existence, and with orders to deprive him of his share of it until he produced the needed amount.

An easily understood illustration will demonstrate the amount of the robbery and the confiscation of other than land values that must follow the imposition of the single tax, even in Boston, where our land is most valuable. I

have an estate where as nearly as may be the lot of land cost \$1,000 and the building \$3,000, a total value of \$4,000. In the assessment of 1892, with the rate at \$12.90 per \$1,000, the tax was \$51.60. The valuation of the taxable property of the city for that year, including its share of Massachusetts corporate stock, bank shares, and ships in foreign trade,* was \$958,862,412. Boston's share of the assessable value of the deposits in our savings-banks and other personal property taxed by the State would carry its aggregate valuation above one thousand million dollars, or five times the amount of the basis of assessment under the George system. My tax must consequently increase fivefold, to produce the amount needed for the annual tax.

My rent is \$400 a year. Clearly, the building produces \$300 of this income and the land \$100. But Mr. George's tax officials demand, under the name of a land tax, \$258,—more than 150 per cent. in excess of the entire ground rent.

As no one will build or rent houses unless the net profit is equal to the interest that can be obtained from other safe investments, this added burden of taxes must be carried by my tenants, increasing the rent to be paid from \$400 to \$600,—an advance of 50 per cent.,—with national taxes to be added, and with indirect assessments increased on account of increased prices occasioned by the land taxation of the premises of shop-keepers and traders in all commodities.

If time permitted, it might be profitable to trace the incidence of such a tax scheme further, and show to what extent under its operation the rich would pay much less and the poor much more than under the methods to which we are accustomed. Such an analysis would show that a tax exclusively on land, or on land and buildings, would, like a tariff, throw its burden on the masses of the people in proportion to their consumption. A man would be taxed, not upon the relative amount of his property, but according to the number of persons in the family he must shelter and support.

We have good reason for remembering with gratitude the

* Report of the Assessors of Boston for 1892, p. 9.

men who founded here "a church without a bishop, a state without a king."

Let us not cease to be thankful that, with their clear ideas of justice, they instituted and sent down to us a system for the assessment of the public charges that requires the officers of the law "to levy every man according to his estate, and with consideration of all other his abilities whatsoever, and not according to the number of his persons."





